Projecting Global Logistics: Transforming the UK's Defence Supply Cha

20th Annual National Logistics Conference

Sparks, Nevada

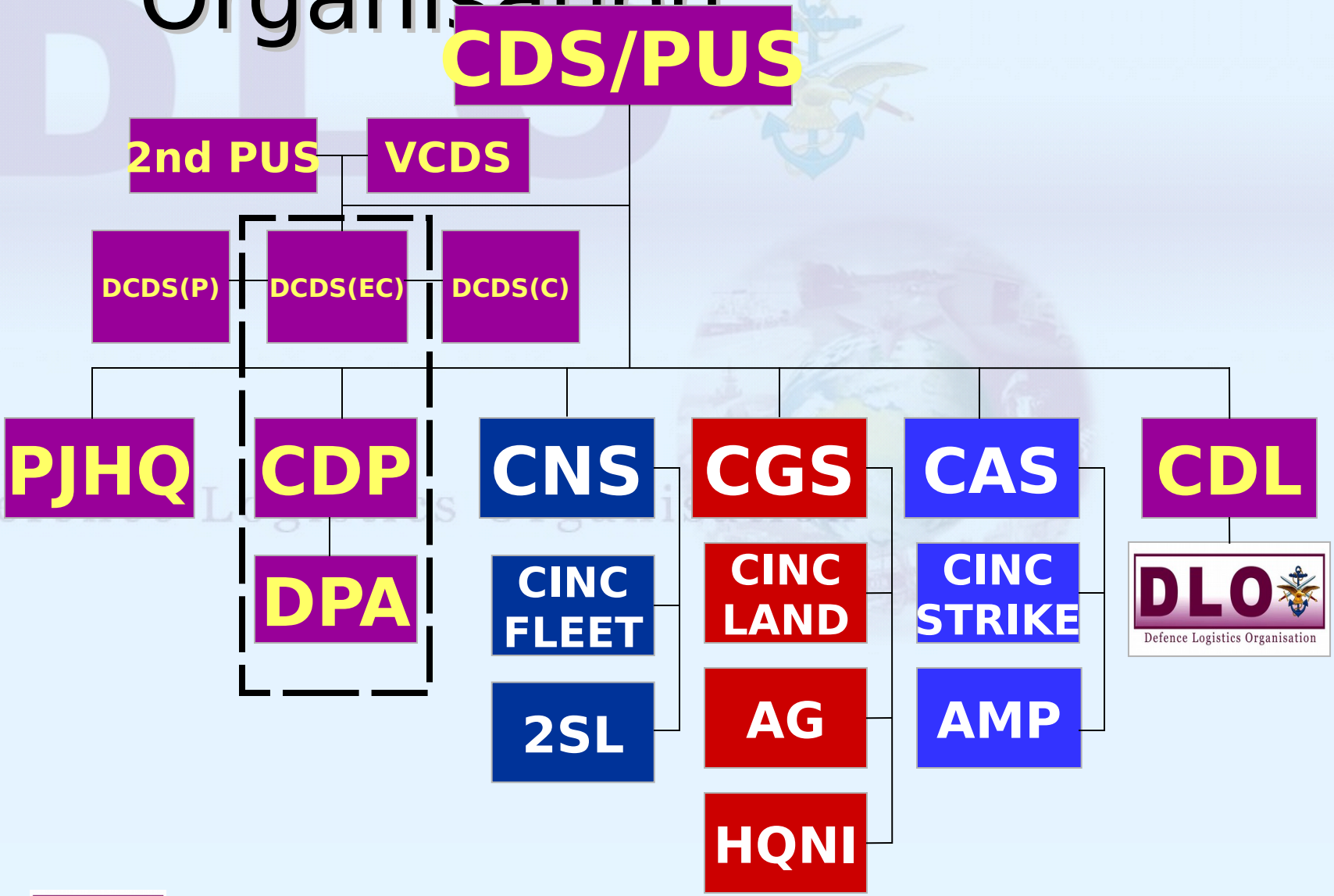
2 March 2004

Colonel David Martin CBE

Director

DLO Logistics Operations Centre

Current MoD Organisation



The DLO

Communications

Air

DLO HQ

Land

Sea

Supply Chain

DLO Defence Logistics Organisation

Unity of purpose, certainty of delivery .....

The DLO Mission

DLO

Defence Logistics Organisation

To sustain UK military capability, current and future

Achieving success in the tasks we undertake

Being ready to respond to the tasks that might arise

Building for the future

What Is Logistics in The DLO?

From the Factory to the Fort

DLO Facts

- Annual spend over US$17bn - 25% of Defence operating costs.
- 30000 people (75% civilian).
- 20% of MOD civilians work in DLO.
- 6 Defence Agencies.
- US$41bn assets.
- Over 80 locations.

What we used to do …

Specify → **Procure**

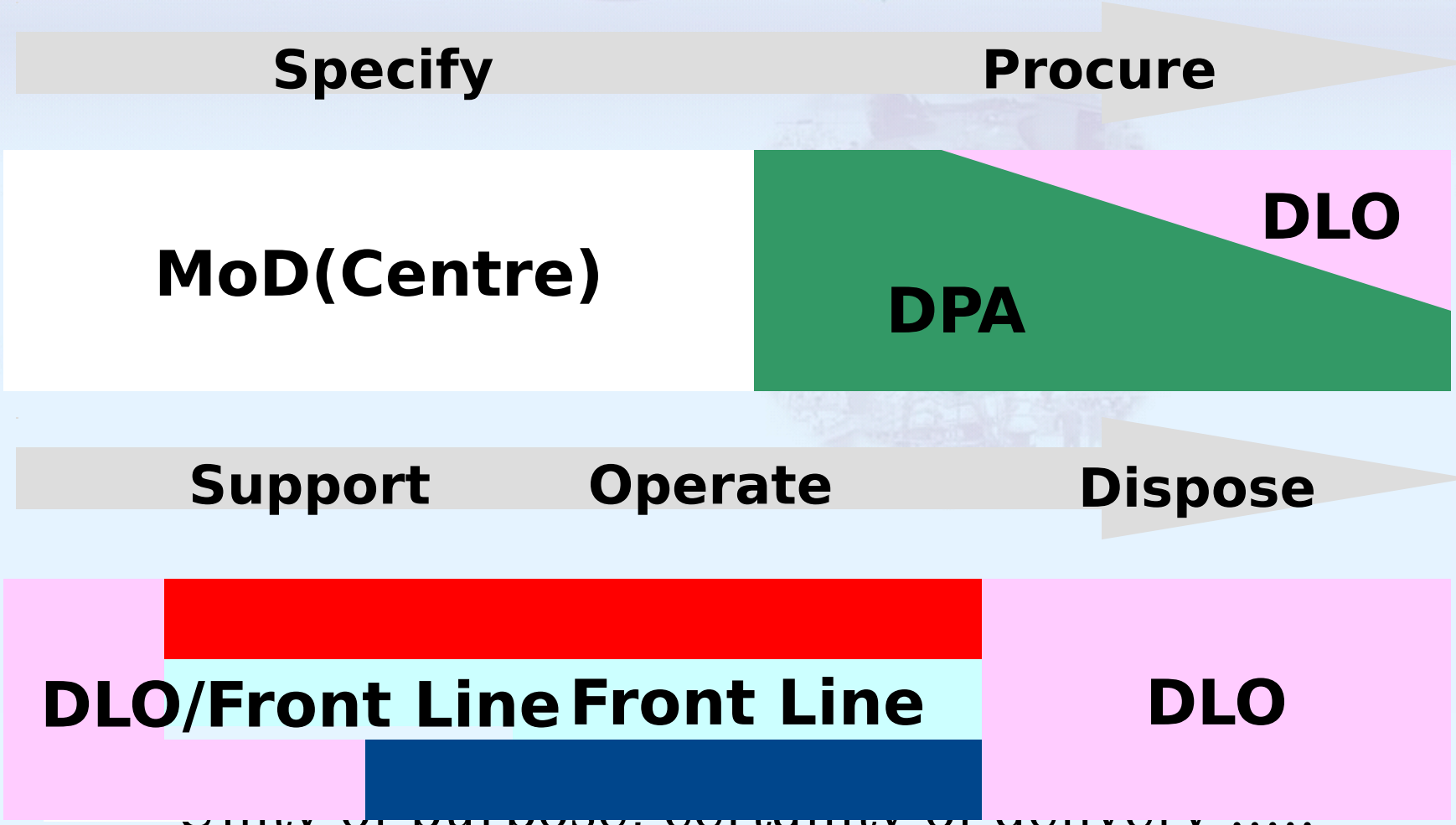
MoD(Centre) | **Procurement Executive**

Support → **Operate** → **Dispose**

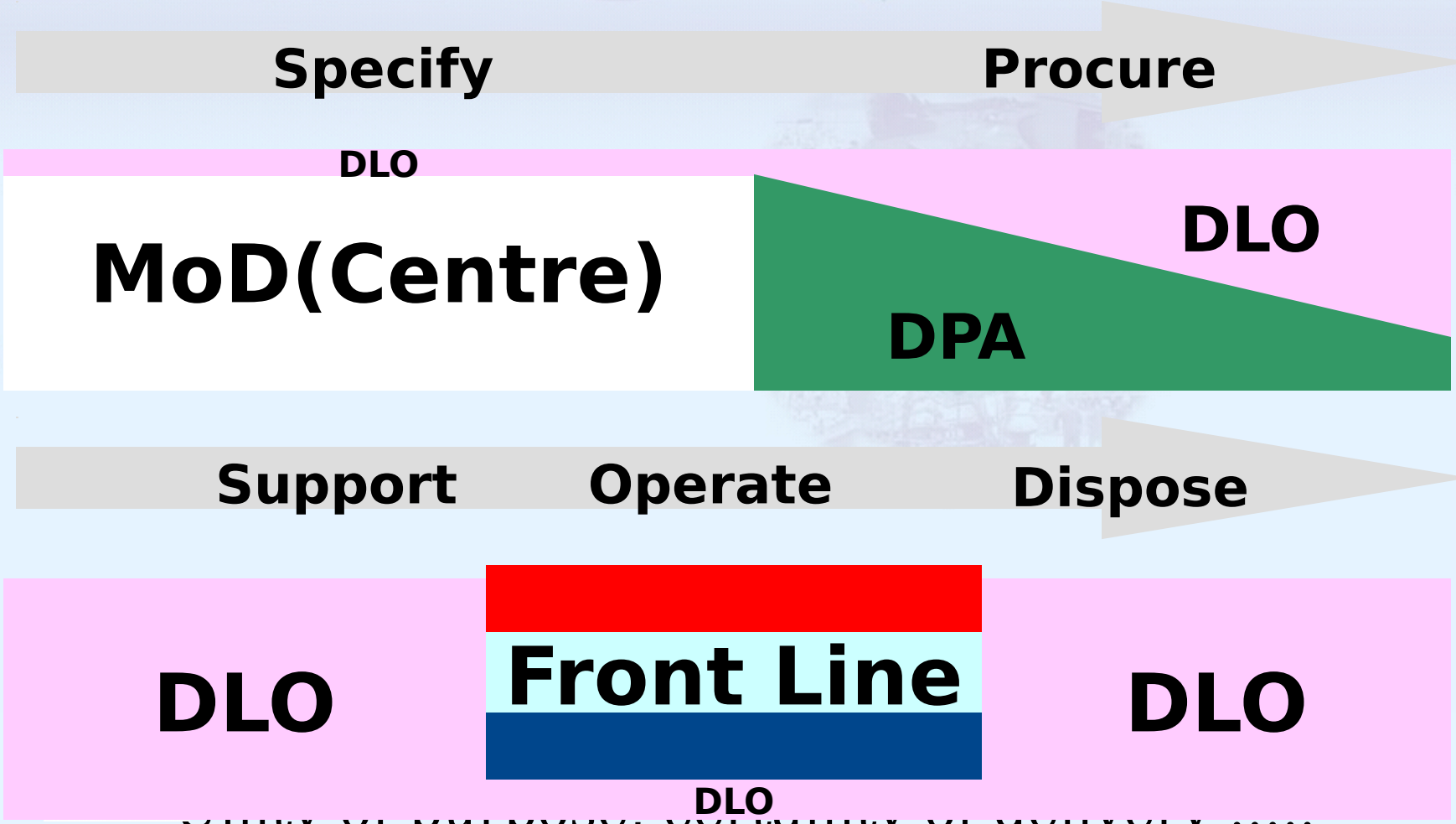
Separate Services

Utility of purpose, certainty of delivery ……

What we do now ...



What we want to do ...



Utility of purpose, certainty of delivery .....

Why? Because the smarter we do our business in the DLO, the smaller the deployed ‘logistic footprint’

Strategy Route Map

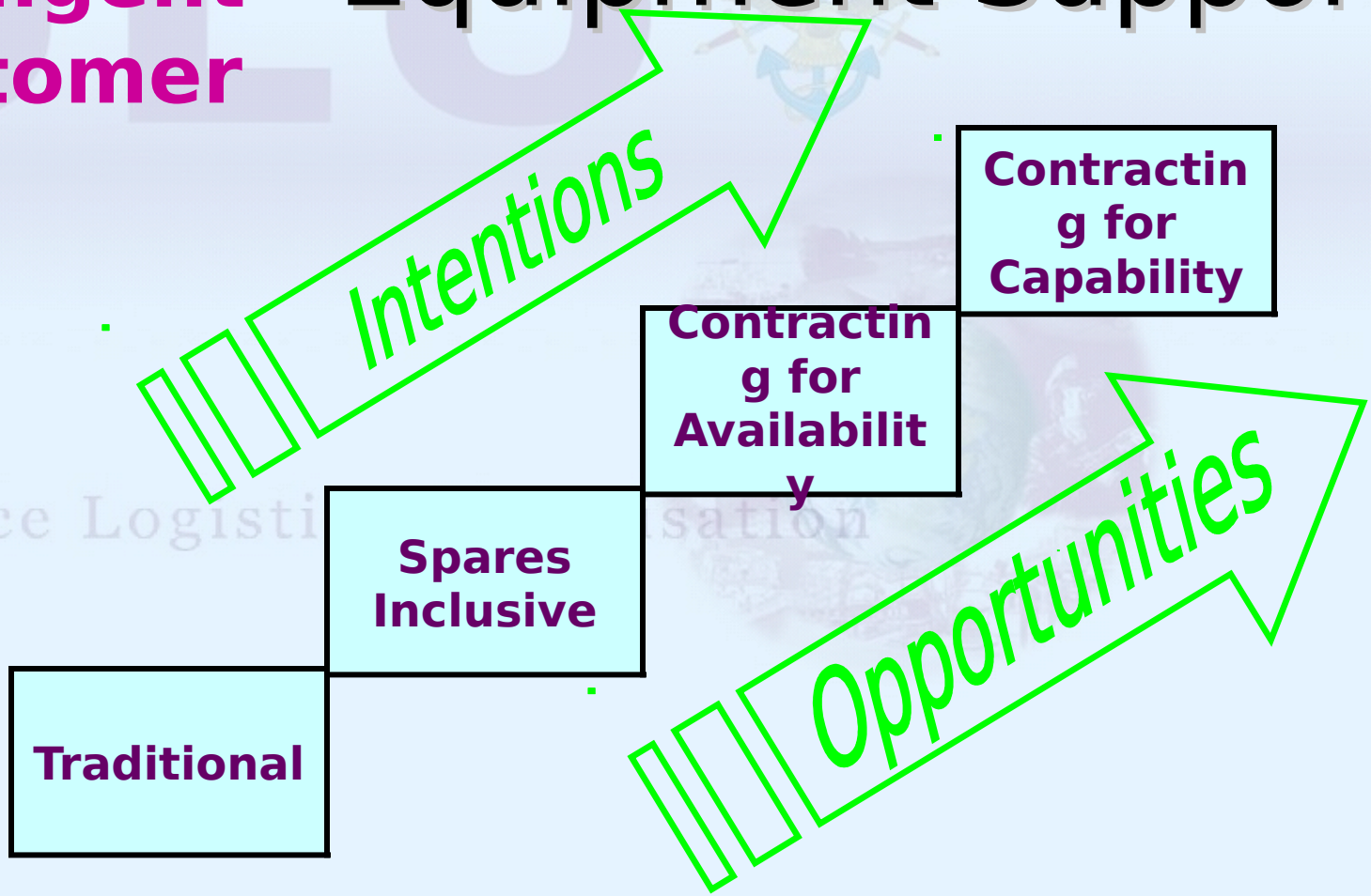
- **Organisational improvements**
- **Process improvements**
- **Performance management**
- **Working with industry**

… to deliver predictability

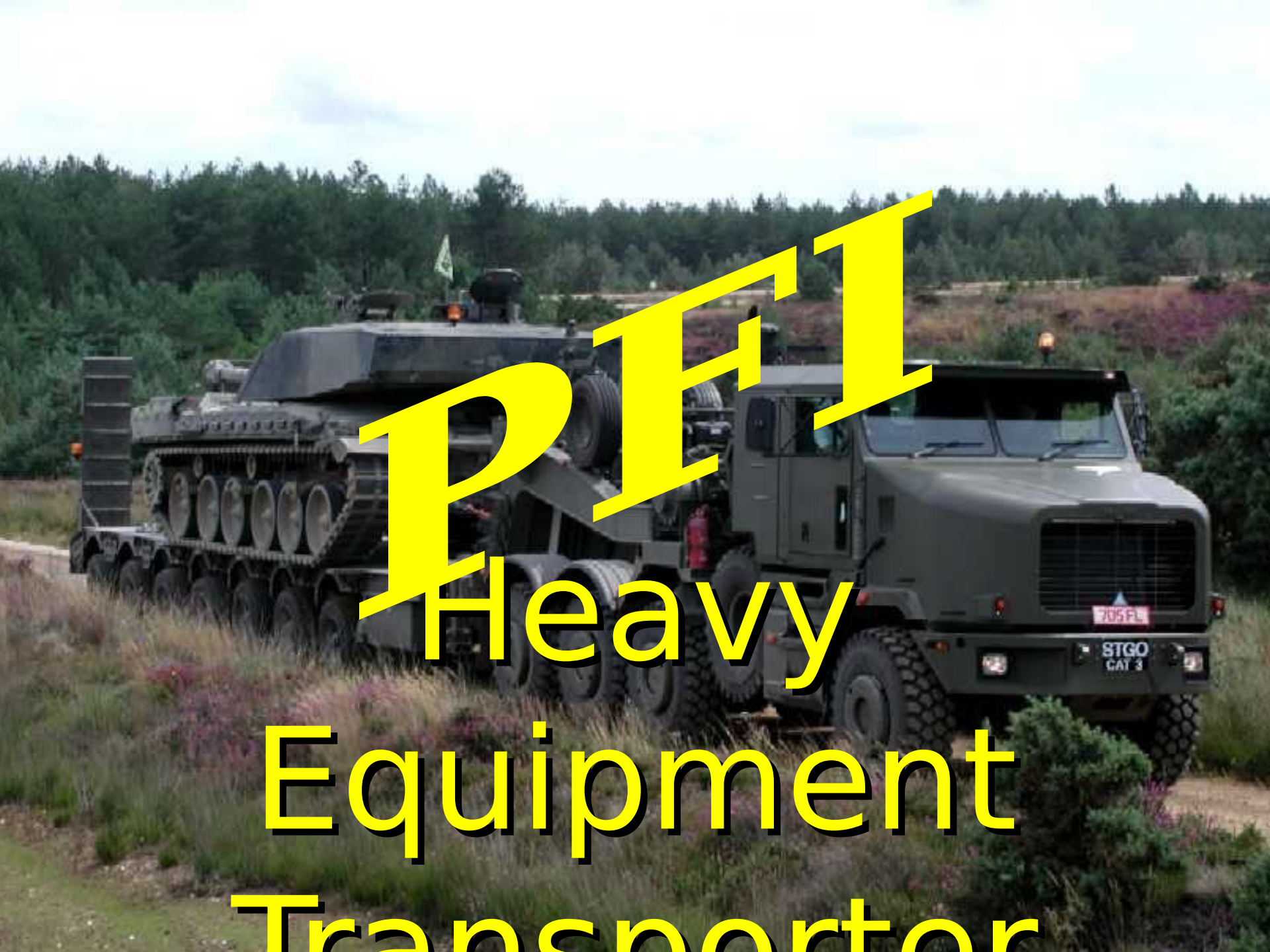
How are we going to bring about the necessary change and forge a coherent E2E supply chain?

.. by transforming Equipment Support

Intelligent Customer



Unity of purpose, certainty of delivery .....



PFI

Heavy Equipment Transporter

.. and by transforming the Defence Supply Chain

What Is the Supply Chain grouping in The DLO?

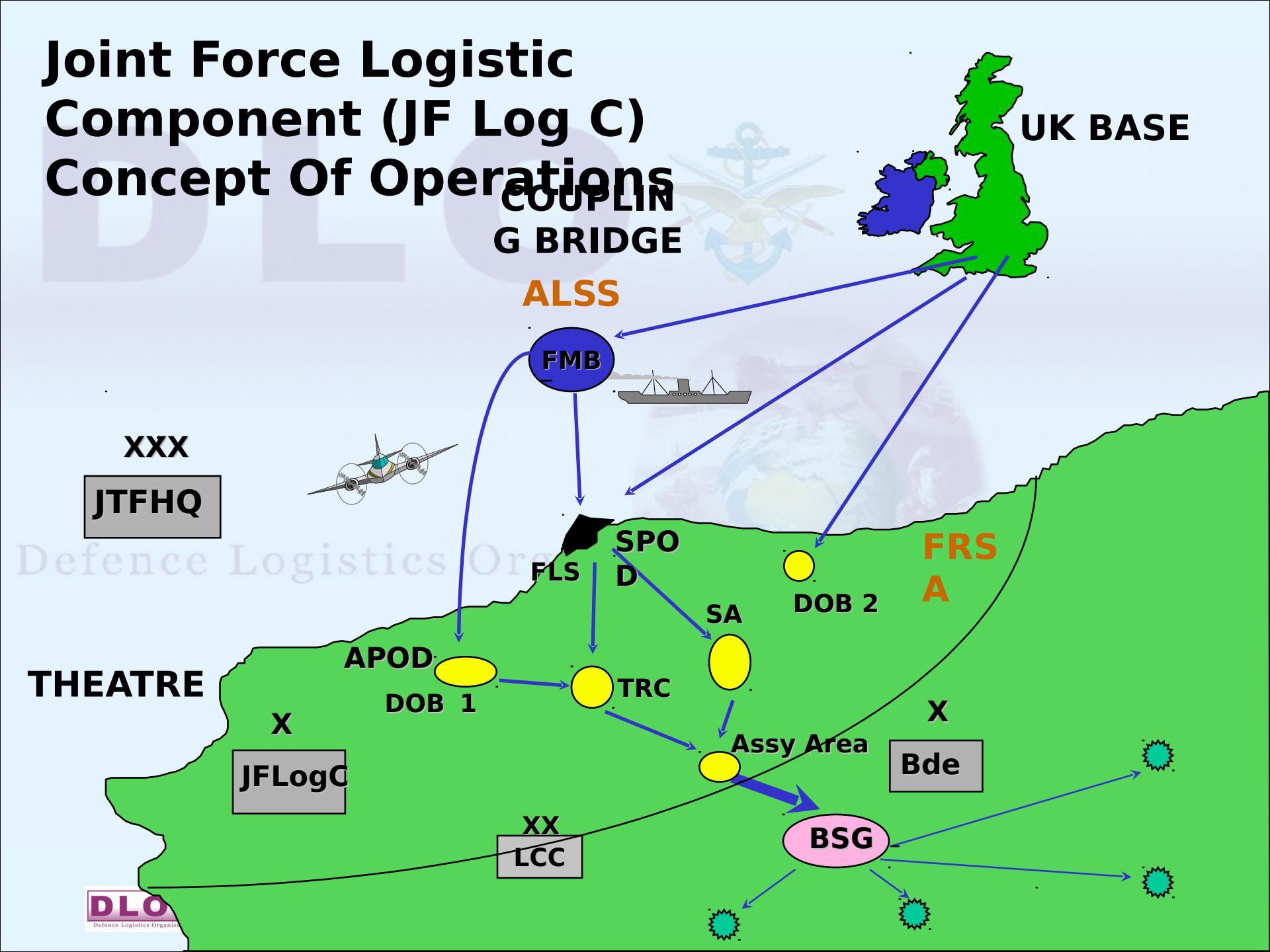
From the Factory to the Fort

What is hampering us in achieving our mission *effectively*?

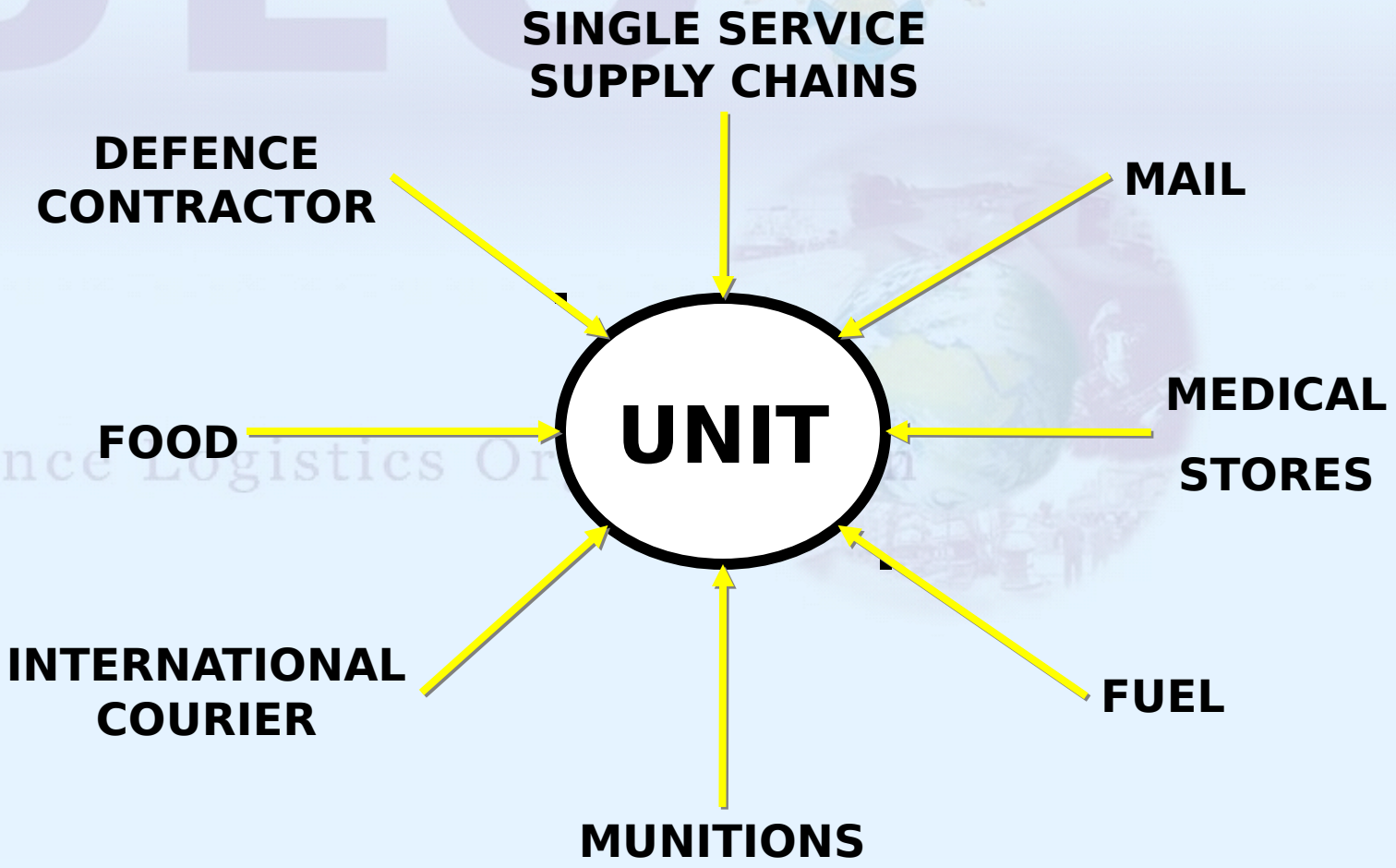
- **Fragmented Supply Chain**
  - **Multiple owners of same processes**
  - **Partial Performance Measurement**
- **Non-optimised supply chain**
  - **Long lead times**
  - **Low visibility**
  - **High stocks**
  - **Low technology**
  - **Low productivity**
  - **High levels of duplication across Services and more across industry as a whole**

Defence Logistics Organisation

Joint Force Logistic Component (JF Log C) Concept Of Operations



‘STEALTH’ LOGISTICS

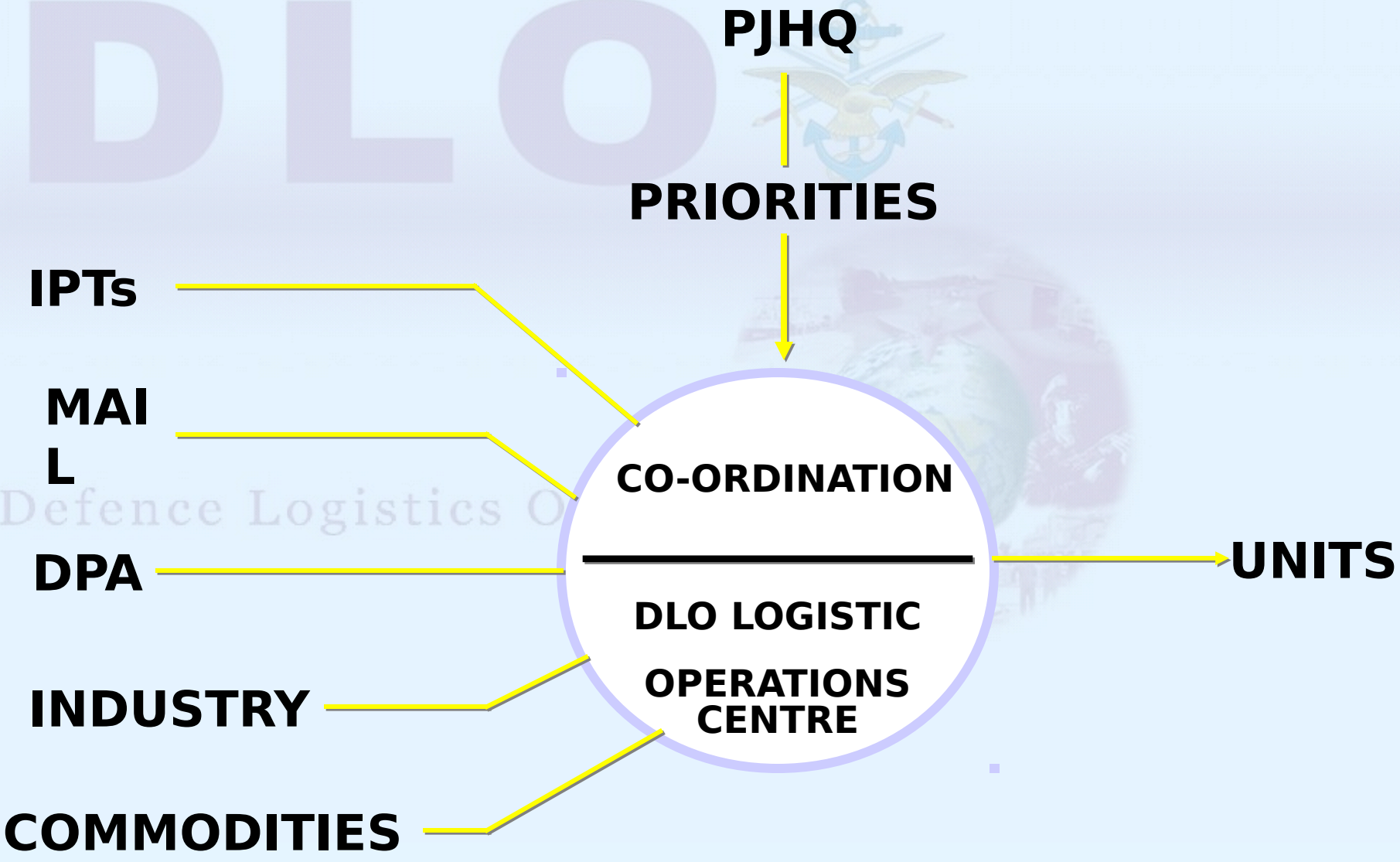


Unity of purpose, certainty of delivery …..

DLO Logistic Operations Centre (DLOC)

- To manage the flow along the Supply Chain i.e;
  - The ‘air bridge’
  - The ‘surface (ie sea) bridge’
- To manage the receipt, consolidation and dispatch to theatre of UORs
- Promote consignment tracking
- Co-ordinate the output of DG Def SC’s HLB

MORE ‘INTELLIGENT’ LOGISTICS



The Future

- **Consignment Tracking enhancements**
- **Invest in the ability to manage the Joint Deployed Inventory (the MJDI Project)**
- **Rationalise the remainder of the logistic IS architecture**
- **Improve Performance Measurement**
- **Future Defence Supply Chain Initiative**
- **Organisational change – Domain 2 Stars**

Consignment Tracking Enhancements

Defence Logistics Organisation

Fully exploit the integration of RFID equipment

Active Fixed Interrogator

Mobile Reader 410R

SaviTag 410 with Bracket

Docking Station

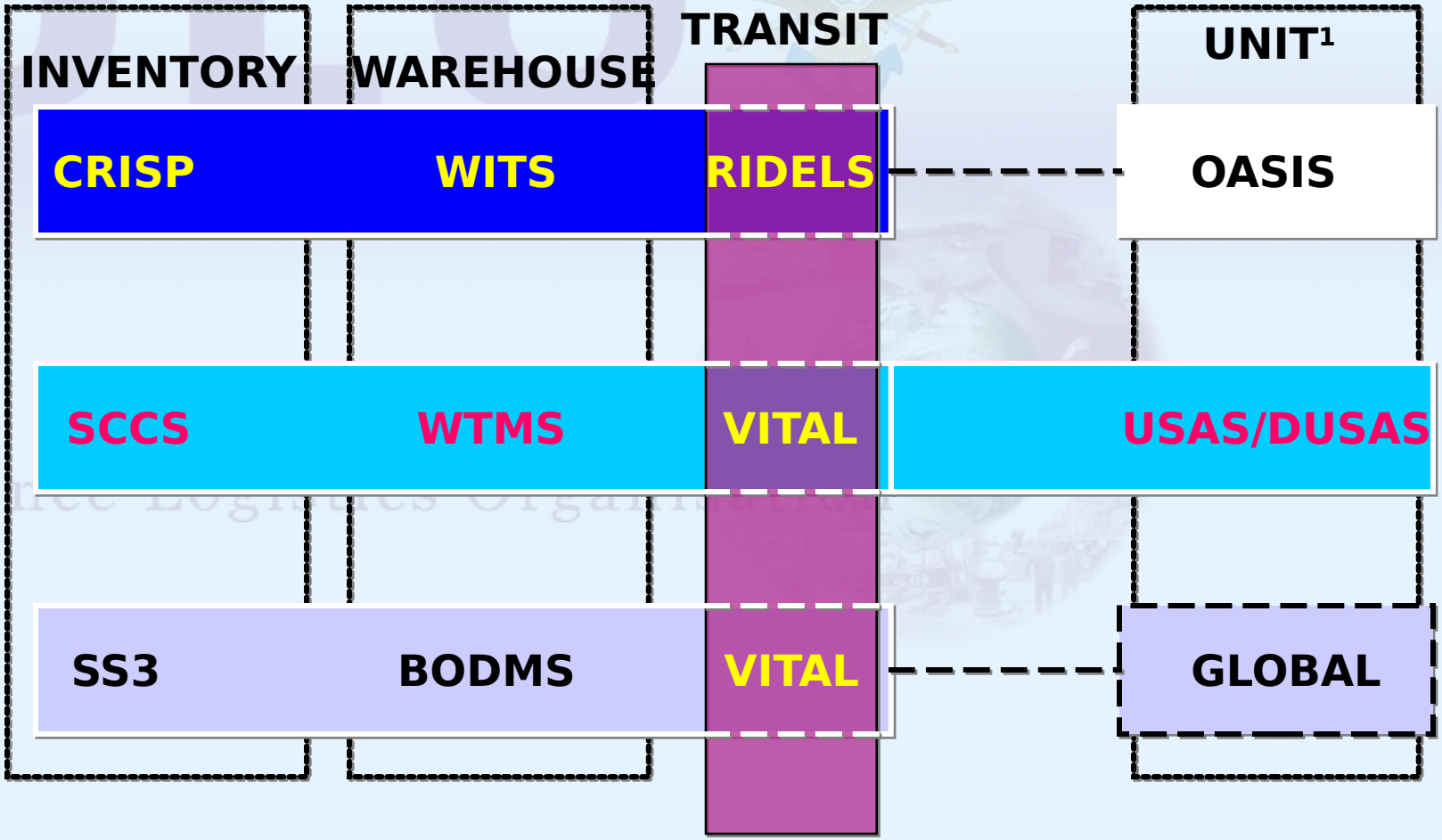
Invest in our Logistic Information Systems

Invest in the ability to manage the Joint Deployed Inventory (the MJDI Project)

Rationalise the remainder of the logistic IS architecture

Defence Logistics Organisation

Current Logistic IS Architecture

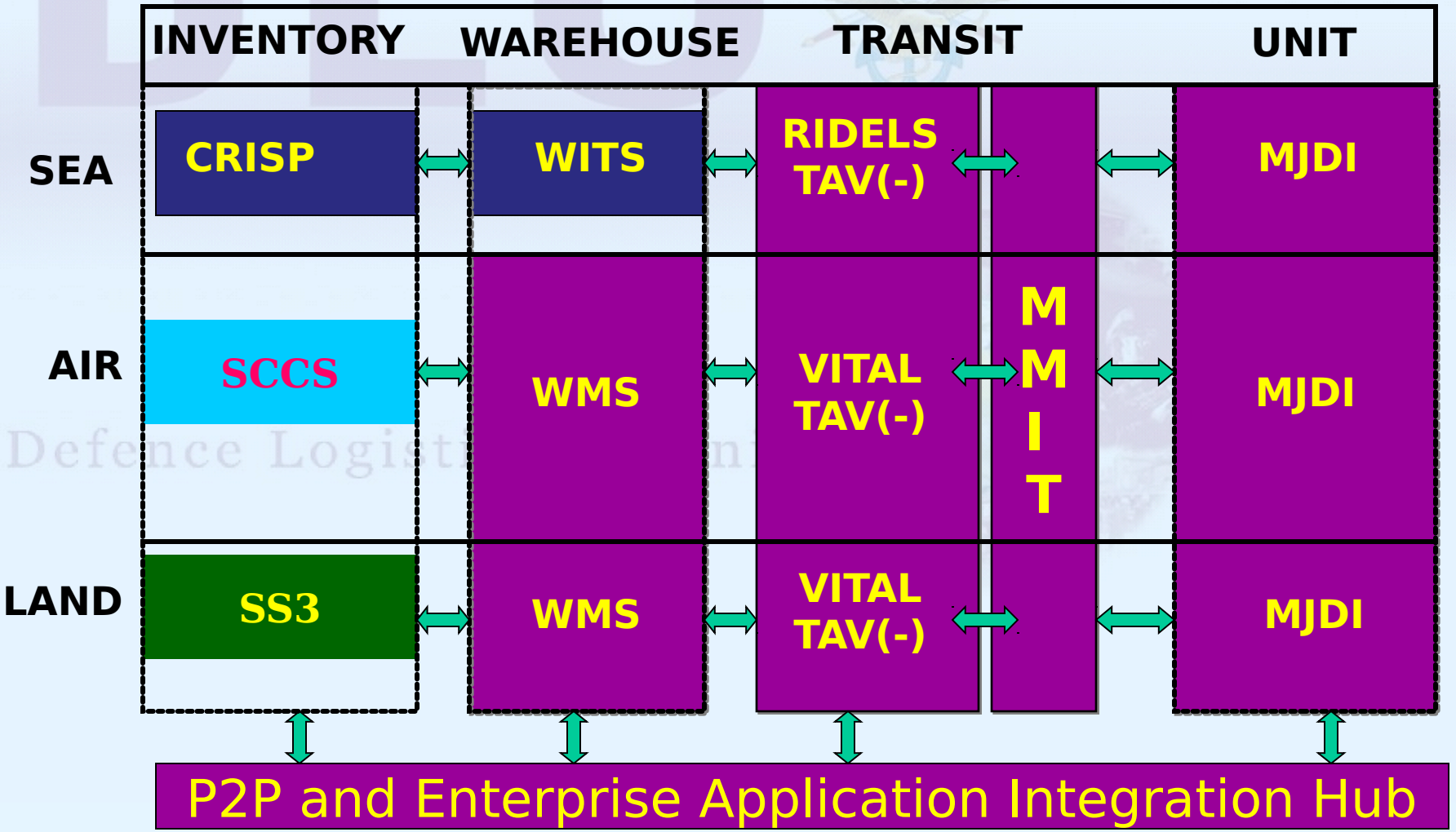


1. 'Unit' or 'deployed inventory (DI) systems'

DLO Defence Logistics Organisation

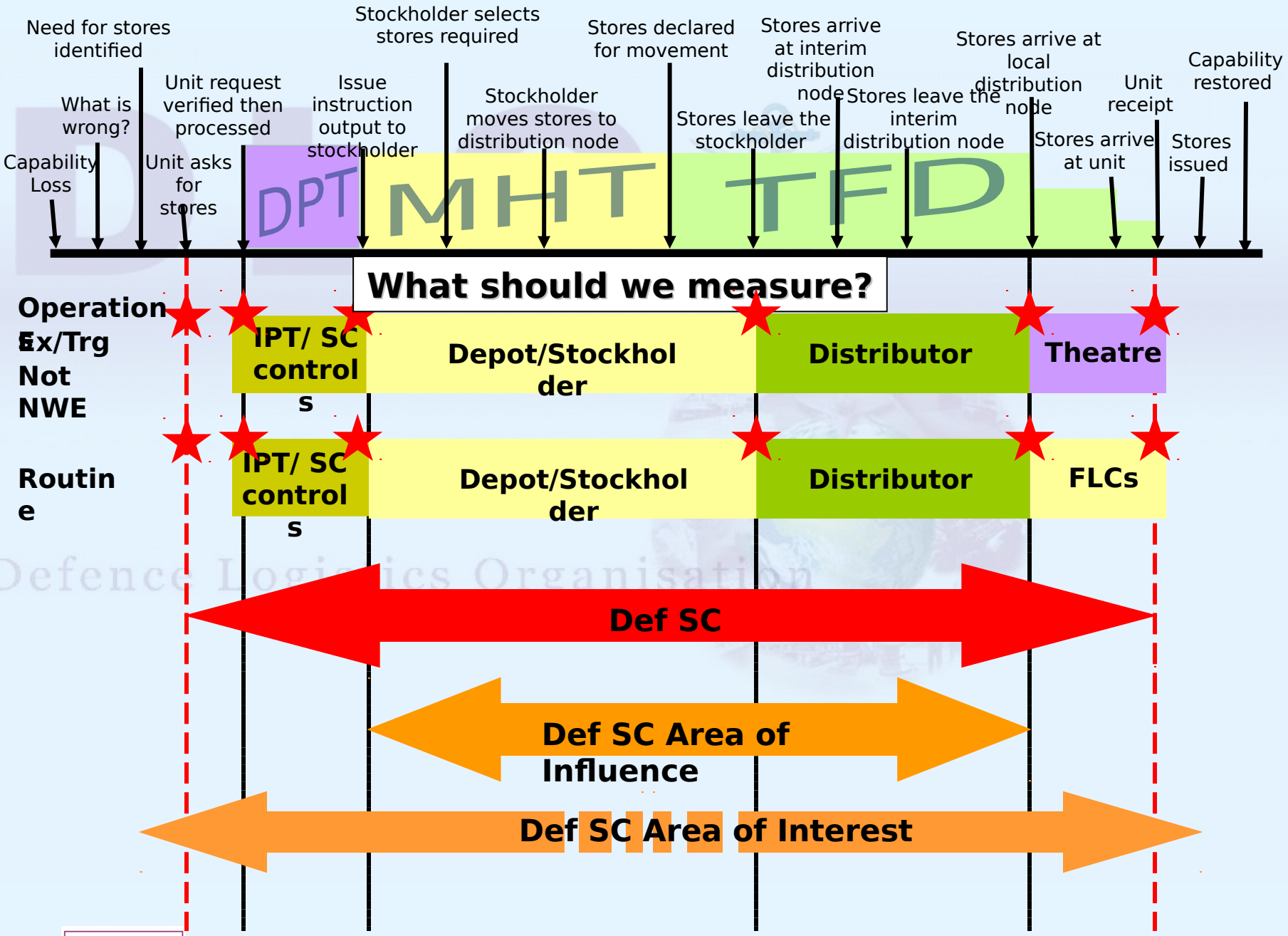
Unity of purpose, certainty of delivery .....

Rationalised Logistic IS Architecture



Improve Performance Measurement

Defence Logistics Organisation



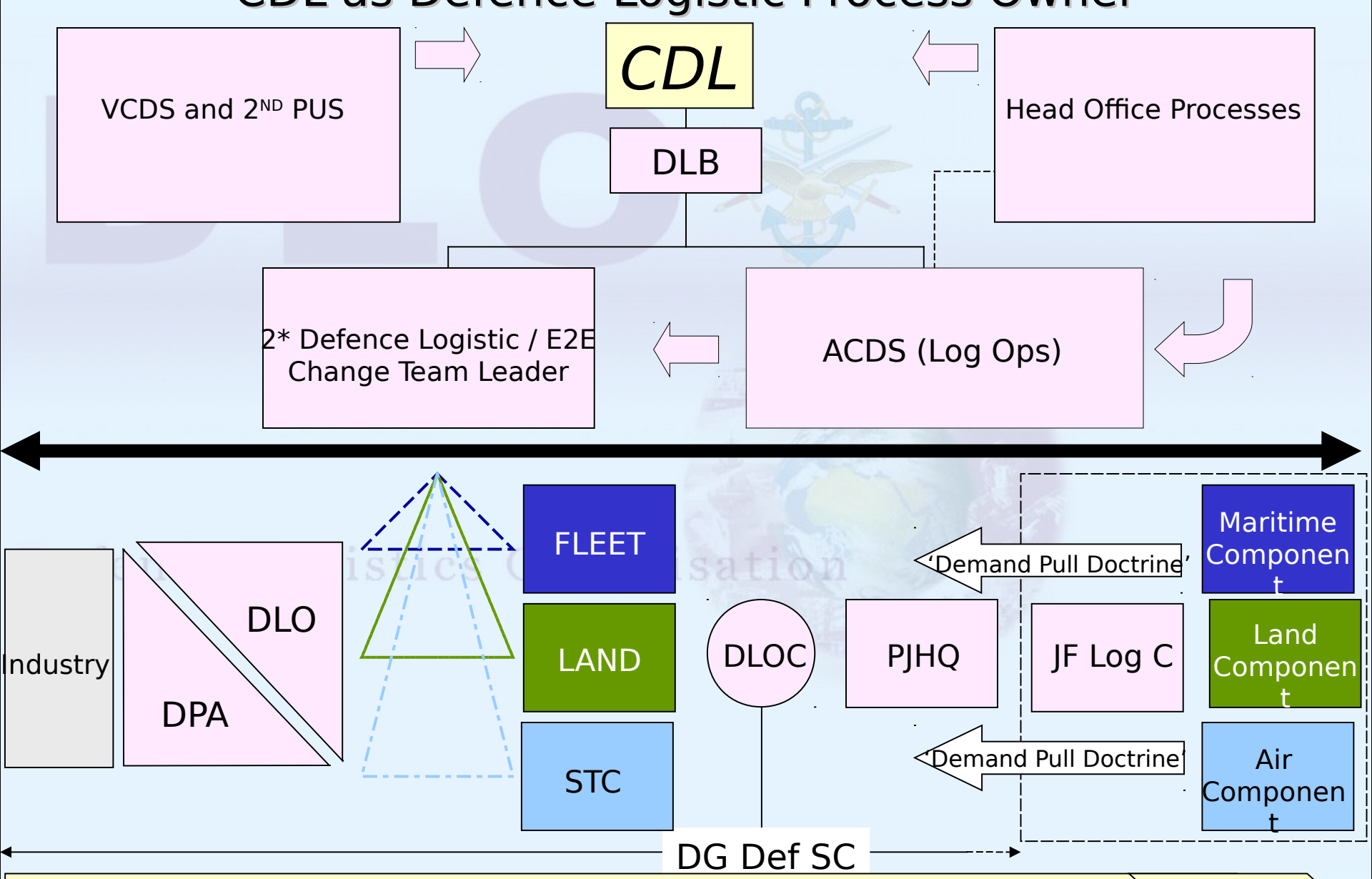
Defence Logistics Organisation

Unity of purpose, certainty of delivery .....

Future Defence Supply Chain Initiative (FDSCI)

- **Better VFM from Def SC storage & distribution**
- **Savings aspirations of US$63.5M from 05/06**
- **Options include:**
  - **In House**
    - **Do Better - Smart Distribution**
    - **Do Differently - Trading Fund**
  - **Partnering with Industry**
  - **Outsourcing – 2 bids currently being evaluated**

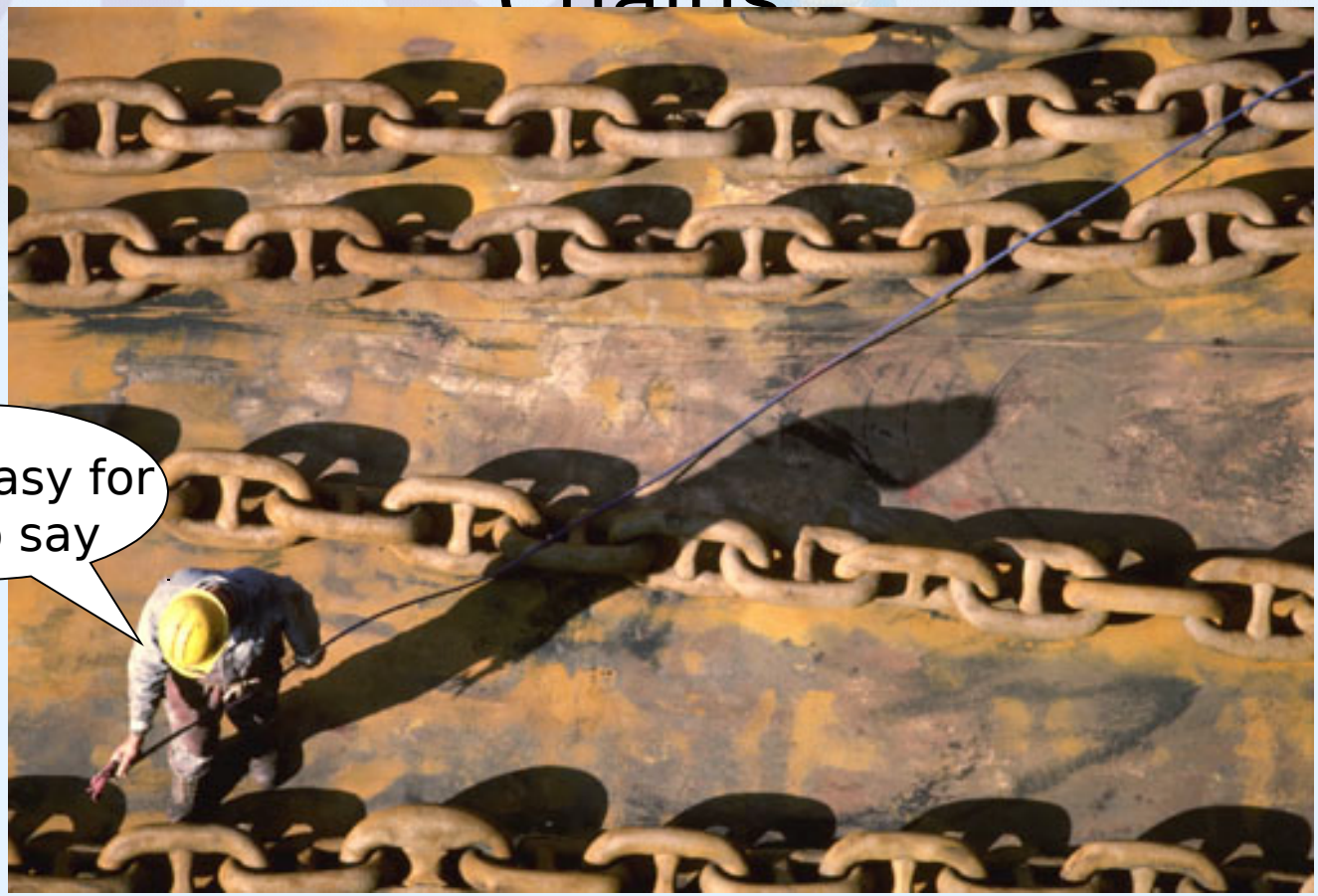
CDL as Defence Logistic Process Owner



CDL ensures the required effect is achieved from the end-to-end logistic process

Operational Success

“The key to achieving a small logistic footprint
is the integration of the Defence Supply Chains”



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